



Testimony of Francisco Sanchez

Associate Administrator

Office of Disaster Recovery & Resilience

U.S. Small Business Administration

House Committee on Oversight and Accountability

Government Operations and the Federal Workforce

Subcommittee

**“Weathering the Storm: Oversight of the Federal Response and
Recovery Efforts in Southwestern Florida following Hurricane Ian”**

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Thank you Chairman Sessions for inviting me to discuss the Small Business Administration's (SBA) response to Hurricane Ian. Representative Donalds is a former member of the House Small Business Committee and it is nice to see you again.

I am Francisco Sanchez, the Associate Administrator for the Office of Disaster Recovery and Resilience (ODR&R) at SBA. On behalf of SBA Administrator Isabella Guzman, and the entire agency, I want to express our gratitude for your support of our disaster assistance mission and commitment to ensuring the federal government stands ready to aid our communities in their preparedness and recovery.

I have spent decades in emergency management, working some of the largest security events in the nation from two Super Bowls to three World Series as well as providing local coordination for multiple national special security events. Prior to joining SBA, I served as Deputy Homeland Security and Emergency Management Coordinator in Harris County, Texas. The City of Houston is in Harris County and, during my time in public service, we responded to historic hurricanes including Katrina, Rita, Ike, and Harvey. We dealt with extreme natural events from wildfires that burned thousands of acres to record flooding and rainstorms that dumped 16 inches of rain on our community in less than 12 hours. Recently, Harris County averaged one presidentially declared disaster every nine months.

In January 2022, I joined SBA to lead the agency's disaster response office. Our disaster response enterprise serves one of the agency's most important functions. We help lift up Americans and communities in the aftermath of disasters by providing affordable and accessible financial assistance. The SBA offers low-interest, long-term federal loans for disaster losses not covered by insurance to businesses, private non-profit organizations, homeowners, and renters. Our world-class team works tirelessly to enhance our programs and resources, ensuring that America's 33 million small businesses, as well as countless homeowners and renters, can access the recovery and mitigation resources they need to rebuild stronger, smarter, and more resilient.

Today, we are here in Fort Myers – a city that experienced the devastation and destruction of Hurricane Ian on September 28, 2023. The storm was one the most devastating hurricanes to hit Florida in modern history with maximum sustained winds of 150 miles per hour, accompanied by heavy rainfall and extreme storm surges of 12 to 18 feet above ground level along many coastal areas. The City of Fort Myers endured a record high surge of over 7 feet above the normal tide level, causing extensive damage to buildings, roads, and bridges leading to the barrier island communities. Hurricane Ian continued through central and coastal Florida, resulting in 15 to 20 inches of rainfall and extreme flooding.

On September 29, 2022 President Biden declared a Major Disaster in Florida the day after the storm hit and SBA staff were on the ground that same day to begin relief operations. Just a few short weeks later, Administrator Guzman and I traveled to Florida to survey the area and ensure that our disaster response was meeting the needs of the affected communities.

During major presidential disaster declarations, SBA staff co-locates with the Federal Emergency Management Agency (FEMA)-State Disaster Recovery Centers (DRCs), providing one-on-one assistance to applicants. Business Recovery Centers (BRCs) staffed directly by the SBA serve to support business owners in the affected area. SBA works closely with resource partners to offer free technical assistance and business counseling services beyond disaster loans.

Within one week of the President's Disaster Declaration, SBA had staffed nine DRCs throughout Florida. By October 5, 2022, the SBA opened five additional BRCs, six mobile Recovery Centers, and five Portable Loan Outreach Centers. At the peak of our Hurricane Ian response, the SBA had nearly 250 dedicated staff on the ground to help survivors access the agency's resources.

One of our most innovative approaches to enhance SBA's outreach was the development and deployment of the Portable Loan Outreach Center (PLOC). SBA's PLOCs are lightweight, mobile deployable systems that enable rapid response to some of the most damaged and vulnerable locations, where traditional recovery centers may be unavailable. PLOCs increase efficiency and maximize outreach, especially when responding to disasters when infrastructure has been destroyed and fixed-site facilities are unavailable. Within 24 hours of a major event, PLOCs can be staffed and deployed.

Technology and staffing help us reach our customers and ensure that they get the funding they need to rebuild. Since September 2022, SBA has approved over 25,000 loans, providing \$1.89 billion in aid to disaster survivors impacted by Hurricane Ian – including more than \$371 million to businesses.¹ Under a policy announced by Administrator Guzman last December, the SBA will waive the interest rate during the first year of new disaster loans for those impacted by Hurricane Ian and other recent disasters. We will also extend the initial deferment period automatically to 12 months. These important changes give disaster survivors the time they need to recover economically before paying their loans.

Our commitment to helping survivors continues through the Business Reconsideration Campaign, launched in March 2023. This campaign targets businesses originally declined for an SBA loan due to credit score shortcomings, providing them with technical assistance and counseling services through a referral process in collaboration with the Florida Small Business Development Center (SBDC). Over 174 businesses received direct assistance from the SBDC.

Starting June 1, 2023, SBA's Florida Resource Partners announced the Targeted Business Analysis campaign to offer free technical assistance, counseling services, and training to businesses that submitted an SBA Disaster Loan application. SBA staff contacted nearly 14,000 businesses via telephone, informing them of resource partner trainings.

The SBA is continuing to conduct campaigns aimed at helping businesses access SBA loans – whether it's seeking additional assistance for those with unmet needs or promoting business preparedness, resilience, and long-term recovery. The President and Administrator Guzman have made clear that we intend to be in the affected region to rebuild as long as it takes.

¹ Loan activity as of COB 7/19/2023 for SBA Declaration #17644.

As we look toward the future, SBA is also taking steps to modernize our disaster lending programs to help survivors recover. Earlier this month, Administrator Guzman announced that SBA is updating our loan loss limits for the first time in nearly 30 years. We are increasing loan limits for primary residences from \$200,000 to \$500,000. Personal property such as automobiles, clothing, furniture, and appliances will increase from \$40,000 to \$100,000. SBA is also making it easier for Americans to access disaster mitigation assistance to help communities prepare for different types of disasters, so when a survivor rebuilds from the effects of a hurricane, they can also prepare their property for flooding, fire, or tornadoes as well.

SBA disaster loans are a critical part of the federal government's disaster response. They are vital for rebuilding homes and businesses, promoting economic recovery, and preserving jobs. These important changes are modernizing our programs to help improve outcomes for Americans who have experienced disaster.

Thank you for your support of the agency and our program. I look forward to our continued work together and our conversation today.